

Debtors' Ex. 83

2011 PR H.B. 3685

Enacted, December 13, 2011

Reporter

2011 PR ALS 242; 2011 PR LAWS 242; 2011 PR ACT 242; 2011 PR H.B. 3685

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BILL 3685 (Conference)

Synopsis

AN ACT

To authorize the issue of bonds of the Government of Puerto Rico and the issue of notes in advance of bonds in a principal amount which shall not exceed two hundred ninety million dollars (\$ 290,000,000), and cover the cost of necessary public improvements and the cost of the sale of such bonds and notes; provide for the payment of the principal and interest on such bonds and notes; authorize the Secretary of the Treasury to make provisional advances from the General Fund of Puerto Rico to be applied to the payment of the costs of said improvements and said sale of bonds and notes; empower the Secretary of Transportation and Public Works and other agencies and instrumentalities of the Government of Puerto Rico to acquire any necessary real and personal property and exercise the power of eminent domain; exempt said bonds, notes, and interest thereon from the payment of taxes; and for other purposes.

Text

Be it enacted by the Legislative Assembly of Puerto Rico:

Section 1.-- The Secretary of the Treasury is hereby authorized to issue and sell, all at once or from time to time, bonds of the Government of Puerto Rico in a principal amount which shall not exceed two hundred ninety million dollars (\$ 290,000,000) in order to cover the cost of the necessary public works and improvements itemized below, including the acquisition of any land needed or the rights thereon, and equipment therefor, to draw up plans and specifications, the administration and management of public works and improvements, the costs of the sale of bonds and notes issued in advance thereof, and any other necessary expense in connection with the acquisition or construction of such works and improvements, and the costs related to the public financing program of the Government of Puerto Rico.

The works and improvements to be financed by this bond issue shall have a useful life of five (5) or more years and operating expenses shall not be included in the costs to be financed through this bond issue.

The public works and improvements and the cost of the sale of the bonds to be financed under this Act, and the estimated amounts of the proceeds of the bonds to be applied to each of such improvements and costs by major expense items, are as follows:

- I. Transportation Facilities, including repaving,
improving, and repairing roads and highways
in the Municipalities of Aguada, Anasco, Arroyo,
Barceloneta, Barranquitas, Cabo Rojo, Caguas,

Camuy, Carolina, Catano, Ceiba, Dorado, Fajardo,	
Florida, Guanica, Guayama, Guayanilla, Guaynabo,	
Hormigueros, Humacao, Isabela, Juana Diaz,	
Juncos, Lajas, Las Piedras, Luquillo, Manati,	
Maunabo, Mayaguez, Moca, Naguabo, Patillas,	
Quebradillas, Rincon, Rio Grande, Sabana	
Grande, Salinas, San German, San Juan, San	
Lorenzo, Santa Isabel, Toa Alta, Toa Baja,	
Trujillo Alto, Vega Alta, Vega Baja, Vieques,	
Yabucoa	\$ 122,135, 960
II. Completion of Phase II Route 66	\$ 2,152,695
III. Terminal / Culebra Pier	\$ 2,500,000
IV. For the acquisition of two (2) ferryboats to	
transport passengers between Puerto Rico	
and Island Municipalities Vieques and	
Culebra	\$ 15,000,000
V. Special Projects	\$ 92,311,345
VI. Capital Works and Improvements	\$ 30,000,000
VII. Neurosurgery Equipment and Biplane	
Cerebral Angiography with 3D Reconstruction	
for the Puerto Rico Medical Services	
Administration	\$ 3,400,000
VIII. Necessary Costs of the 2011 Bond Issue	\$ 1,500,000
IX. Reserve for the payment of interest on the	
bonds to be financed	\$ 21,000,000
Total	\$ 290,000,000

With regard to the acquisition and construction of the public works and improvements, the Secretary of the Treasury is hereby authorized to pay all those costs incurred in connection with the issue of bonds and notes authorized by this Act, including costs related to insurance, letters of credit or other instruments used to reduce financing costs. Any discount, commitment or syndication fee, or any similar charge payable for the issue of bonds and notes, shall be included in the computation of the price or prices for which said bonds and notes may be sold, pursuant to the provisions of this Act.

Section 2.--

(a).--

The bonds to be issued from time to time under the provisions of this Act, as well as any other detail related thereto, shall be authorized through resolution or resolutions to be adopted by the Secretary of the Treasury and approved

by the Governor. Said bonds shall be designated as "Public Improvement Bonds of the Commonwealth of Puerto Rico for the Year 2011-B."

(b).--

The bonds whose issue is authorized under the provisions of this Act shall be dated and shall mature on a date or dates that shall not exceed thirty (30) years from its date or dates (except for bonds related to public housing, which shall mature not later than forty (40) years from their date or dates), shall accrue interest at a rate or rates that shall not exceed those legally authorized at the time the bonds are issued, at the option of the Secretary of the Treasury, may be redeemable before their maturity date, may be sold with or without premium, shall be of such denomination and in such form, with interest coupons or registered, or both, shall have such registration and conversion privileges, shall be executed in such a form, shall be payable in such places within or without Puerto Rico, and shall contain such other terms and conditions as provided by the authorizing resolution or resolutions.

(c).--

The bonds authorized by this Act may be sold all at once or from time to time, in public or private sale, and at such price or prices not lower than the price legally established at the time they are issued, as determined by the Secretary of the Treasury with the approval of the Governor to be most convenient to the best interests of the Government of Puerto Rico.

(d).--

When any official whose signature or facsimile thereof appears on any bond or coupon authorized under this Act ceases to hold office before the delivery of said bonds, said signature or facsimile shall, nevertheless, be valid and sufficient, it being deemed for all purposes as if such official had remained in office until such delivery. Furthermore, any bond or coupon may bear the signature or facsimile of those persons who, at the time said bond is executed, are the proper officials to sign it, but who, on the date of the bond, were not holding such office.

(e).--

The bonds issued pursuant to the provisions of this Act shall be deemed to be negotiable instruments under the laws of Puerto Rico.

(f).--

The bonds authorized by this Act may be issued as coupons or in a registered form, or both, as determined in the authorizing resolution or resolutions, and provisions may be made for the registration of any bonds or coupons as to principal only, as well as to principal and interest, and for the reconversion of any registered bonds into coupon bonds, as to principal and interest.

Section 3.-- The Secretary of the Treasury is hereby authorized, with the approval of the Governor, to negotiate and execute with any bank, investment institution or any other financial institution, such loan agreements, purchase agreements or other financing agreements needed for the sale of the bonds authorized under this Act or of the notes in advance of bonds whose issue is authorized under Section 5 of this Act, under such terms and conditions as the Secretary of the Treasury determines to be most convenient for the best interests of the Government of Puerto Rico.

Section 4.-- The good faith, credit, and taxing power of the Government of Puerto Rico are irrevocably pledged for the prompt payment of the principal and interest on the bonds issued under the provisions of this Act. The Secretary

of the Treasury is hereby authorized and directed to pay the principal and interest on such bonds as they mature, from any funds available for such purposes in the Treasury of Puerto Rico in the fiscal year in which such payment is required, and the provisions of this Act concerning the payment of the principal and interest on such bonds shall be deemed to be a continuous appropriation for the Secretary of the Treasury to make such payments, even if no specific appropriations are made for such purpose. Said payments shall be made pursuant to the provisions of the laws of Puerto Rico which regulate the disbursement of public funds.

The Secretary of the Treasury is hereby authorized and directed to include in the authorizing resolution or resolutions the commitment hereby made by the Government of Puerto Rico, and state on the bonds that the good faith, credit, and taxing power of the Government of Puerto Rico are thus pledged.

Section 5.-- The Secretary of the Treasury is hereby authorized, through resolution approved by the Governor, to borrow money and issue notes of the Government of Puerto Rico in advance of the bond issue, at any time, or from time to time, payable solely from the proceeds of said bonds. Said notes shall be designated as "Notes in Advance of Bonds of the Government of Puerto Rico," and it shall be stated thereon that they are issued in advance of such bond issue.

Said notes, including any renewals or extensions thereof, shall be dated, may be issued from time to time with a maturity that may not exceed five (5) years from the first date of issue, shall bear interest at such rate that shall not exceed that which is legally authorized at the time they are issued, may be redeemable before their maturity at the option of the Secretary of the Treasury, shall be executed and may be sold, at public or private sale, at such price or prices that are not less than the price established by law at the time they are issued, and shall contain such other terms and conditions as provided in the authorizing resolution or resolutions adopted by the Secretary of the Treasury and approved by the Governor.

Section 6.-- The good faith, credit, and taxing power of the Government of Puerto Rico are irrevocably pledged for the prompt payment of the interest on any note issued pursuant to the provisions of this Act. The Secretary of the Treasury is hereby authorized and directed to pay interest on the notes as they mature, from any funds available in the Treasury of Puerto Rico for such purpose during the fiscal year in which said payment is required. The provisions contained in this Act with regard to the payment of interest on the notes in advance of the bond issue shall be deemed to be a continuous appropriation for the Secretary of the Treasury to make the payments, even if no specific appropriations are made for such purposes.

Pursuant to the provisions of this Act, the Secretary of the Treasury shall issue bonds sufficiently in advance and in the amount needed to provide the funds required to pay the principal of the notes as they mature and become payable, and apply the proceeds of the bond issue to the payment of said notes.

Any payments made with respect to the notes in advance of the bond issue shall be made according to the provisions of the laws of Puerto Rico that regulate the disbursement of public funds.

Section 7.-- The proceeds of the sale of the notes and bonds issued under the provisions of this Act (other than the proceeds of the bonds required for the payment of the principal of such notes) shall be covered into a special fund denominated the "Public Improvement Fund for 2011-B," and shall be disbursed according to the statutory provisions that regulate the disbursements of public funds, and for the purposes provided herein. The proceeds of the bond issue stated in subsections I, II, III, and V of Section 1 of this Act shall be appropriated to the Highways and Transportation Authority. The proceeds of the bond issue stated in subsections IV and VI of Section 1 of this Act shall be appropriated as follows: the funds of subsection IV of Section 1 shall be appropriated through joint resolution, and of the funds of subsection VI of Section 2, fifteen million dollars (\$ 15,000,000) for public works and improvement projects identified by the Senate of Puerto Rico through joint resolution, and in the amount of fifteen million dollars (\$ 15,000,000) to public works and improvement projects identified by the House of Representatives of Puerto Rico through joint resolution. The proceeds of the issue shall be covered into the "Public Improvement

Fund for 2011-B," to be kept at the Government Development Bank for Puerto Rico and disbursed in accordance with the corresponding certifications.

Section 8.-- The Secretary of the Treasury is hereby authorized to make provisional advances from any funds available in the public Treasury of Puerto Rico, to be applied to defray the cost of the public works authorized to be financed with the proceeds of the sale of the bonds issued under the provisions of this Act. The Secretary of the Treasury shall reimburse any provisional advance made, out of the first moneys available in the Public Improvement Fund for 2011-B.

Section 9.-- The Secretary of the Department of Transportation and Public Works (DTOP, Spanish acronym) and the Infrastructure Financing Authority (IFA) are hereby authorized to enter into agreements with municipalities, provided that the municipality has trained technical personnel and the proper equipment to carry out the works and improvements authorized under this Act. In its default, the Secretary of the DTOP or the Executive Director of the IFA may transfer to the municipality the corresponding portion of the proceeds from the sale of the bonds issued pursuant to the provisions of this Act, to defray the cost of the works and improvements authorized in each municipality. The Secretary or the Executive Director shall oversee the execution of the works and improvements financed with the proceeds from the sale of the bonds issued pursuant to the provisions of this Act.

Section 10.-- The Secretary of the Treasury, in accordance with the determinations of the Director of the Office of Management and Budget, and with the approval of the Governor, is hereby authorized to use any money appropriated under this Act, and subsequently not needed for the purposes stated herein, to carry out any other public works or improvements.

Section 11.-- The acquisition and construction of the public improvements authorized to be financed with the proceeds of the sale of bonds issued under the provisions of this Act shall be carried out in accordance with the plans approved by the Planning Board pursuant to the provisions of Act No. 75 of June 24, 1975, as amended [23 L.P.R.A. §§ 62 et seq.], known as the "Puerto Rico Planning Board Organic Act," and subject to subsequent approval by the Government of Puerto Rico.

Section 12.-- The Secretary of Transportation and Public Works and the agencies and instrumentalities of the Government of Puerto Rico in charge of the programs to which the proceeds from the sale of the bonds issued pursuant to the provisions of this Act shall be applied, are hereby authorized and empowered to acquire on behalf of the Government of Puerto Rico or on behalf of said agency or instrumentality, as the case may be, by gift, purchase, or by exercising the power of eminent domain pursuant to the laws of Puerto Rico, any land or rights and participation thereon and to acquire personal property or equipment deemed necessary to carry out the public improvements listed in Section 1 of this Act.

Section 13.-- The sum of one million five hundred thousand dollars (\$ 1,500,000) or any necessary part thereof or any reserve surplus necessary for the payment of interest, is hereby appropriated from the proceeds of the sale of the bonds issued pursuant to the provisions of this Act, to be applied to the payment of the costs incurred in connection with the bond issue and sale, including any costs related to insurance, letters of credit or other instruments used to reduce financing costs.

Section 14.-- All bonds and notes issued under the provisions of this Act, as well as any interest accrued thereon, shall be exempt from the payment of any tax imposed by the Government of Puerto Rico and its instrumentalities.

Section 15.-- The matching of the funds appropriated with individual, state, municipal or Federal funds is hereby authorized.

Section 16.-- This Act shall not be deemed to be repealing or amending any other preceding law of the Legislative Assembly of Puerto Rico authorizing the issue of bonds of the Government of Puerto Rico. The bonds authorized under this Act are in addition to any other previously authorized bonds of the Government of Puerto Rico.

Section 17.-- This Act shall take effect immediately after its approval.

History

Approved December 13, 2011.

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ADVANCE LEGISLATIVE SERVICE Official English Translation: Materials added to this file as received from Translation Bureau

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